

process by which the project justification rating will be developed, including the assigned weights, will be described in policy guidance.

§611.305 Small Starts local financial commitment criteria.

In order to approve a grant under 49 U.S.C. 5309 for a Small Starts project, FTA must find that the proposed project is supported by an acceptable degree of local financial commitment, as required by 49 U.S.C. 5309(h)(3)(c). The local financial commitment to a proposed project will be evaluated according to the following measures:

(a) The proposed share of the project's capital costs to be funded from sources other than Small Starts funds, including both the non-Small Starts match required by Federal law and any additional state, local, or other Federal capital funding (known as "overmatch");

(b) The current capital and operating financial condition of the project sponsor;

(c) The commitment of capital and operating funds for the project and the entire transit system including consideration of private contributions; and

(d) The accuracy and reliability of the capital and operating costs and revenue estimates and the financial capacity of the project sponsor.

(e) From time to time FTA may publish through policy guidance standards based on characteristics of projects and/or the corridors to be served. If a proposed project can meet the established standards, FTA may assign an automatic rating on one or more of the local financial commitment criteria outlined in this section.

(f) FTA may amend the measures for these local financial commitment criteria. Any such amendment will be included in policy guidance and subject to a public comment process.

(g) As a candidate project proceeds through project development, a greater level of local financial commitment will be expected.

(h) For each proposed project, ratings for paragraphs (a) through (d) of this section will be reported in terms of descriptive indicators, as follows: "high," "medium-high," "medium," "medium-low," or "low." For paragraph (a) of

this section, the percentage of Small Starts funding sought from 49 U.S.C. 5309 will be rated and used to develop the summary local financial commitment rating, but only if it improves the rating and not if it worsens the rating.

(i) The ratings for each measure described in this section will be combined into a summary local financial commitment rating of "high," "medium-high," "medium," "medium-low," or "low." The process by which the summary local financial commitment rating will be developed, including the assigned weights to each of the measures, will be described in policy guidance.

§611.307 Overall Small Starts project ratings.

(a) The summary ratings developed for project justification and local financial commitment (§§611.303(f) and 611.305(i)) will form the basis for the overall rating for each project.

(b) FTA will assign overall project ratings to each proposed project of "high," "medium-high," "medium," "medium-low," or "low," as required by 49 U.S.C. 5309(e)(8).

(1) These ratings will indicate the overall merit of a proposed Small Starts project at the time of evaluation.

(2) Ratings for individual projects will be developed prior to an EGA.

(c) These ratings will be used to:

(1) Approve or deny projects for EGAs; and

(2) Support annual funding recommendations to Congress in the *Annual Report on Funding Recommendations* required by 49 U.S.C. 5309(k)(1).

(d) FTA will assign overall ratings for proposed Small Starts projects by averaging the summary ratings for project justification and local financial commitment. When the average of these ratings is unclear (e.g., summary project justification rating of "medium-high" and summary local financial commitment rating of "medium"), FTA will round up the overall rating to the higher rating except in the following circumstances:

(1) A "medium" overall rating requires a rating of at least "medium" on both project justification and local financial commitment.

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(2) If a project receives a “low” rating on either project justification or local financial commitment, the overall rating will be “low.”

§ 611.309 [Reserved]

APPENDIX A TO PART 611—DESCRIPTION OF MEASURES USED FOR PROJECT EVALUATION

PROJECT JUSTIFICATION

New Starts

New Starts Project Justification

FTA will evaluate candidate New Starts projects according to the six project justification criteria established by 49 U.S.C. 5309(d)(2)(A)(iii). From time to time, but not less frequently than every two years as directed by 49 U.S.C. 5309(g)(5), FTA publishes for public comment policy guidance on the application of these measures, and the agency expects it will continue to do so. Moreover, FTA may choose to amend these measures, pending the results of ongoing studies regarding transit benefit and cost evaluation methods. In addition, FTA may establish warrants for one or more of these criteria through which an automatic rating would be assigned based on the characteristics of the project and/or its corridor. FTA will develop these warrants based on analysis of the features of projects and/or corridor characteristics that would produce satisfactory ratings on one or more of the criteria. Such warrants would be included in policy guidance issued for public comment before being finalized.

(a) *Definitions.* In this Appendix, the following definitions apply:

(1) *Enrichments* mean certain improvements to the transit project desired by the grant recipient that are non-integral to the basic functioning of the project, whose benefits are not captured in whole by other criteria, and are carried out simultaneous with grant execution and may be included in the Federal grant. Enrichments include but are not limited to artwork, landscaping, and bicycle and pedestrian improvements such as sidewalks, paths, plazas, site and station furniture, site lighting, signage, public artwork, bike facilities, and permanent fencing. Enrichments also include sustainable building design features of up to 2.5 percent of the total cost of the facilities (when such facilities are designed to achieve a third-party certification or to optimize a building's design to use less energy, water and reduce greenhouse gas emissions that may not lead directly to an official certification).

(2) *Transit dependent person as used in this context* means either a person from a household that owns no cars or a person whose

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household income places them in the lowest income stratum of the local travel demand model. For those project sponsors choosing to use the simplified national model “transit dependent persons” will be defined as individuals residing in households that do not own a car. Project sponsors that choose to continue to use their local travel model rather than the FTA developed simplified national model to estimate trips will define transit dependent persons as individuals in the lowest socioeconomic stratum as defined in the local model, which is usually either households with no cars or households in the lowest locally defined income bracket.

(3) *Trips* mean linked trips riding on any portion of the New Starts or Small Starts project.

(b) *Mobility Improvements.* (1) The total number of trips using the proposed project. Extra weight may be given to trips that would be made on the project by transit dependent persons in the current year, and, at the discretion of the project sponsor, in the horizon year. The method for assigning extra weight is set forth in policy guidance.

(2) If the project sponsor chooses to consider project trips in the horizon year in addition to the current year, trips will be based on the weighted average of current year and horizon year.

(c) *Environmental Benefits.* (1) The monetized value of the anticipated direct and indirect benefits to human health, safety, energy, and the air quality environment that are expected to result from implementation of the proposed project compared to:

(i) The existing environment with the transit system in the current year or, (ii) at the discretion of the project sponsor, both the existing environment with the transit system in the current year and the no-build environment and transit system in the horizon year. The monetized benefits will be divided by the annualized capital and operating cost of the New Starts project, less the cost of enrichments.

(2) Environmental benefits used in the calculation would include:

(i) Change in air quality criteria pollutants,

(ii) Change in energy use,

(iii) Change in greenhouse gas emissions and

(iv) Change in safety,

(3) If the project sponsor chooses to consider environmental benefits in the horizon year in addition to the current year, environmental benefits will be based on the weighted average of current year and horizon year.

(d) *Congestion Relief.* [Reserved]

(e) *Cost-effectiveness.* (1) The annualized cost per trip on the project, where cost includes changes in capital, operating, and maintenance costs, less the cost of enrichments, compared to: